

UNIFORM SYSTEM OF ACCOUNTS

FOR

**MUNICIPALLY OWNED
ELECTRIC UTILITIES**

CLASS D

EFFECTIVE

JANUARY 1, 1960

**PUBLIC SERVICE COMMISSION
OF WISCONSIN**



State of Wisconsin \ PUBLIC SERVICE COMMISSION

September 30, 1988

CHARLES H. THOMPSON, CHAIRMAN
MARY LOU MUNTZ, COMMISSIONER
GEORGE R. EDGAR, COMMISSIONER

4802 Sheboygan Avenue
P. O. Box 7854
Madison, Wisconsin 53707

TO: All Municipal Utilities:

The purchase and use of computers by utilities for various accounting, record keeping and operating functions has been increasing at a rapid pace and this pace is expected to continue.

Under the Uniform System of Accounts, the normal classification for general use computers and computer related equipment has been Account 391, Office Furniture and Equipment. Due to the nature of this equipment, its service life and unit cost is significantly different from other classes of property included in Account 391.

Because of these differences we are making the accounting recommendation to all municipal utilities to segregate and subaccount all general use computers and computer related equipment to Account 391.1, Computers. It is recommended that the following depreciation rate be used for this subaccount:

Classes A, B, and C Water and Electric

<u>Account</u>	<u>Description</u>	<u>Service Life (Years)</u>	<u>Net Salvage (%)</u>	<u>Deprec. Rate (%)</u>
391.1	Computers	7	-0-	14.29%

Class D Water and Electric or Sewer

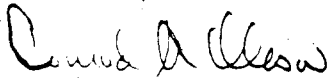
<u>Account</u>	<u>Description</u>	<u>Service Life (Years)</u>	<u>Net Salvage (%)</u>	<u>Deprec. Rate (%)</u>
372.1	Computers	7	-0-	14.29%

If your utility has already established a subaccount for its computer and computer related equipment and has a certified or authorized rate different from the above recommended rate, please continue to use the depreciation rate as previously authorized or certified to your utility.

All Municipal Utilities
Page 2

If your utility has information and/or reasons to use a service life different from the above recommended rate, please send this information to Clarence Mougin, Accounts and Finance Division for our analysis and determination.

Sincerely,

A handwritten signature in dark ink, appearing to read "Conrad A. Oleson". The signature is written in a cursive style with a large initial 'C'.

Conrad A. Oleson, Administrator
Accounts and Finance Division

CAO:CEM:pdr09288802

UNIFORM SYSTEM OF ACCOUNTS

FOR

MUNICIPALLY OWNED ELECTRIC UTILITIES
(Class D)

Prescribed by
PUBLIC SERVICE COMMISSION
OF WISCONSIN

Effective: January 1, 1960
Revisions: Through October 3, 1980

In the Matter of Uniform Systems)
of Accounts for Municipally Owned)
Water and Electric Utilities) 2-U-5005

ORDER PRESCRIBING SYSTEMS OF ACCOUNTS

WHEREAS, on May 22, 1958, the Commission instituted an investigation, on its own motion, of the systems of account for municipally owned water and electric utilities; and

WHEREAS, such matter was investigated by the staff of the Commission in co-operation with a committee of municipal utility representatives; and

WHEREAS, pursuant to due notice, the Commission did, on December 17, 1958, hold a public hearing on said matter for the purpose of giving all parties interested an opportunity to be heard in the above-entitled matter; and

WHEREAS, the Commission being duly advised in the premises, finds that it is in the public interest that the presently effective systems of accounts for water and electric utilities be made inapplicable to municipally owned water and electric utilities subsequent to December 31, 1959, and that there be substituted for the use of such municipal utilities the systems of accounts as prescribed below.

IT IS THEREFORE ORDERED, in conformity with section 196.06, Statutes, that on and after January 1, 1960, the Uniform System of Accounts for Classes A and B Water Utilities, Exhibit 1, the Uniform System of Accounts for Class C Water Utilities, Exhibit 2, the Uniform System of Accounts for Class D Water Utilities, Exhibit 3, the Uniform System of Accounts for Classes A and B Electric Utilities, Exhibit 4, the Uniform System of Accounts for Class C Electric Utilities, Exhibit 5, and the Uniform System of Accounts for Class D Electric Utilities, Exhibit 6, as introduced at the hearing on December 17, 1958, be and the same are hereby prescribed for use of the several classes of municipally owned water and electric utilities as defined in said systems, provided, however, that, in instances where a municipality owns both a water and an electric utility, the larger size classification applicable to either shall be applied to each utility.

Dated at Madison, Wisconsin, this 9th day of January 1959.

By the Commission.

Edward T. Kaveny, Secretary

TABLE OF CONTENTS

	<u>Page</u>
Definitions	3
General Instructions	5
Utility Plant Instructions	7
Balance Sheet Accounts	10
Utility Plant Accounts	23
Income Accounts	36
Operating Revenue Accounts	44
Operation and Maintenance Expense Accounts	48

DEFINITIONS

When used in this system of accounts:

1. "Accounts" means the accounts prescribed in this system of accounts.
2. "Amortization" means the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.
3. "Book cost" means the amount at which property is recorded in these accounts without deduction of related provisions for accrued depreciation, amortization or for other purposes.
4. "Commission," unless otherwise indicated by the context, means the Public Service Commission of Wisconsin.
5. "Cost" means the amount of money actually paid for property or services. When the consideration given is other than cash, the value of such consideration shall be determined on a cash basis.
6. "Cost of removal" means the cost of demolishing, dismantling, tearing down or otherwise removing utility plant, including the cost of transportation and handling incidental thereto.
7. "Depreciation," as applied to depreciable utility plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of utility plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand and requirements of public authorities.
8. "Investment advances" means advances, represented by notes or by book accounts only, with respect to which it is mutually agreed or intended between the creditor and debtor that they shall not be subject to current settlement.
9. "Minor items of property" means the associated parts or items of which retirement units are composed.
10. "Municipality" means a city, village, town, or other governmental entity which owns the proprietary capital of the public utility.
11. "Net salvage value" means the salvage value of property retired less the cost of removal.
12. "Original cost," as applied to utility plant, means the cost of such property to the person first devoting it to public service.

DEFINITIONS

13. "Property retired," as applied to utility plant, means property which has been removed, sold, abandoned, destroyed, or which for any cause has been withdrawn from service.
14. "Replacing" or "replacement," when not otherwise indicated in the context, means the construction or installation of utility plant in place of property retired, together with the removal of the property retired.
15. "Retirement units" means those items of utility plant which, when retired, with or without replacement, are accounted for by crediting the book cost thereof to the utility plant account in which included.
16. "Salvage value" means the amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale; or, if retained, the amount at which the material recoverable is chargeable to materials and supplies, or other appropriate account.
17. "Service life" means the time between the date utility plant is includable in utility plant in service, or utility plant leased to others, and the date of its retirement. If depreciation is accounted for on a production basis rather than on a time basis, then service life should be measured in terms of the appropriate unit of production.
18. "Service value" means the difference between original cost and net salvage value of utility plant.
19. "Utility," as used herein and when not otherwise indicated in the context, means any public utility to which this system of accounts is applicable.

GENERAL INSTRUCTIONS

1. Classification of Utilities

A. For the purpose of applying systems of accounts prescribed by the Commission, electric utilities are divided into four classes as follows:

Class A. Utilities having annual electric operating revenues of \$8,000,000 or more

Class B. Utilities having annual electric operating revenues of \$4,000,000 or more but less than \$8,000,000.

Class C. Utilities having annual electric operating revenues of \$200,000 or more but less than \$4,000,000.

Class D. Utilities having annual electric operating revenues of less than \$200,000.

B. This system of accounts applies to Class D utilities. Those applicable to Class A and Class B utilities and to Class C utilities are issued separately.

C. The class to which any utility belongs shall originally be determined by the average of its annual electric operating revenues for the last three consecutive years. Subsequent changes in classification shall be made when the annual electric operating revenues for each of the three immediately preceding years shall exceed the upper limit, or be less than the lower limit, of the annual electric operating revenues of the classification previously applicable to the utility.

D. Any utility may, at its option, adopt the system of accounts prescribed by the Commission for any larger class of utilities.

2. Records

A. Each utility shall keep its books of account, and all other books, records, and memoranda which support the entries in such books of account so as to be able to furnish readily full information as to any item included in any account. Each entry shall be supported by such detailed information as will permit a ready identification, analysis, and verification of all facts relevant thereto.

B. In addition to prescribed accounts, clearing accounts, temporary or experimental accounts, and subdivisions of any account, may be kept provided the integrity of the prescribed accounts is not impaired.

C. Each utility shall keep its books on either a monthly or quarterly basis. Each utility shall close its books at the end of each calendar year.

GENERAL INSTRUCTIONS

3. Item Lists

Lists of "items" appearing in the texts of the accounts or elsewhere herein are for the purpose of more clearly indicating the application of the prescribed accounting. The lists are intended to be representative, but not exhaustive. The appearance of an item in a list warrants the inclusion of the item in the account mentioned only when the text of the account also indicates inclusion inasmuch as the same item frequently appears in more than one list. The proper entry in each instance must be determined by the texts of the accounts. In cases of doubtful interpretation, the matter shall be submitted to the Commission for decision.

4. Distribution of Pay and Expenses of Employees

The charges to utility plant, operating expenses and other accounts for services and expenses of employees engaged in activities chargeable to various accounts, such as construction, maintenance, and operations, shall be based upon the actual time engaged in the respective classes of work, or in case that method is impracticable, upon the basis of a study of the time actually engaged during a representative period.

1. Utility Plant to be Recorded at Cost

A. All amounts included in the accounts for utility plant acquired as an operating unit or system, shall be stated at the cost incurred by the person who first devoted the property to utility service and all other utility plant shall be included in the accounts at the cost incurred by the utility except as otherwise provided in the texts of the intangible plant accounts. Where the term "cost" is used in the detailed plant schedules, it shall have the meaning stated in this paragraph.

B. When the consideration given for property is other than cash, the value of such consideration shall be determined on a cash basis. In the entry recording such transaction, the actual consideration shall be described with sufficient particularity to identify it. The utility shall be prepared to furnish the Commission the particulars of its determination of the cash value of the consideration if other than cash.

C. When property is purchased under a plan involving deferred payments, no charge shall be made to the utility plant accounts for interest, insurance or other expenditures occasioned solely by such form of payment.

D. Utility plant contributed to the utility or constructed by it from contributions to it of cash or its equivalent shall be charged to the utility plant accounts at cost of construction. There shall be credited to the accounts for accumulated depreciation and amortization the estimated amount of depreciation and amortization applicable to the property at the time of its contribution to the utility. The difference between the amounts included in the utility plant accounts and the accumulated depreciation and amortization shall be credited to account 271, Contributions in Aid of Construction.

2. Components of Construction Cost

The cost of construction of property chargeable to the utility plant accounts shall include, where applicable, the cost of labor, materials and supplies, transportation, work done by others for the utility, injuries and damages incurred in construction work, privileges and permits, special machine service, interest during construction and such portion of general engineering, administrative salaries and expenses, insurance, taxes and other analogous items as may be properly includible in construction costs.

3. Land and Land Rights

A. The accounts for land and land rights include the cost of land owned in fee by the utility and rights, interests, and privileges held by the utility in land owned by others, such as leaseholds, easements, water and water power rights, diversion rights, submersion rights, rights of way, and other like interest in land. Do not include in the accounts for land and land rights and rights-of-way costs incurred in connection with first clearing and grading of land and rights-of-way and the damage costs associated with the construction and installation of plant. Such costs shall be included in the appropriate plant accounts directly benefited.

B. Where special assessments for public improvements provide for deferred payments, the full amount of the assessments shall be charged to the appropriate land account and the unpaid balance shall be carried in an appropriate liability account. Interest on unpaid balances shall be charged to the appropriate interest

UTILITY PLANT INSTRUCTIONS

account. If any part of the cost of public improvements is included in the general tax levy, the amount thereof shall be charged to the appropriate tax account.

C. The cost of buildings and other improvements (other than public improvements) shall not be included in the land accounts. If at the time of acquisition of an interest in land such interest extends to the buildings or other improvements (other than public improvements), which are then devoted to utility operations, the land and improvements shall be separately appraised and the cost allocated to land and buildings or improvements on the basis of the appraisals. If the improvements are removed or wrecked without being used in operations, the cost of removing or wrecking shall be charged and the salvage credited to the account in which the cost of the land is recorded.

D. When the purchase of land for utility operations requires the purchase of more land than needed for such purposes, the charge to the specified land account shall be based upon the cost of the land purchased, less the fair market value of that portion of the land which is not to be used in utility operations. The portion of the cost measured by the fair market value of the land not to be used shall be included in account 394, Property Held for Future Use, or account 121, Nonutility Property, as appropriate.

4. Structures and Improvements

A. The accounts for structures and improvements include the cost of all buildings and facilities to house, support, or safeguard property or persons, including all fixtures permanently attached to and made a part of buildings and which cannot be removed therefrom without cutting into the walls, ceilings, or floors, or without in some way impairing the buildings, and improvements of a permanent character on or to land. Also include those costs incurred in connection with the first clearing and grading of land and rights-of-way, and the damage costs associated with construction and installation of plant.

B. The cost of specially provided foundations not intended to outlast the machinery or apparatus for which provided, and the cost of angle irons, castings, etc., installed at the base of any item of equipment, shall be charged to the same account as the cost of the machinery, apparatus or equipment.

C. Where furnaces and boilers are used primarily for furnishing steam for some particular department and only incidentally for furnishing steam for heating a building and operating the equipment therein, the entire cost of such furnaces and boilers shall be charged to the appropriate plant account, and no part to the building account.

D. Where the structure of a dam forms also the foundation of the power plant building, such foundation shall be considered a part of the dam.

5. Equipment

A. The cost of equipment chargeable to the utility plant accounts, unless otherwise indicated in the text of an equipment account, includes the net purchase price thereof, sales taxes, investigation and inspection expenses necessary to such purchase, expenses of transportation when borne by the utility, labor employed, materials and supplies consumed, and expenses incurred by the utility in unloading and placing the equipment in readiness to operate. Also include those costs incurred in connection with the first clearing and grading of land and rights-of-way and the damage costs associated with construction and installation of plant.

UTILITY PLANT INSTRUCTIONS

B. Exclude from equipment accounts hand and other portable tools, which are likely to be lost or stolen or which have relatively small value or short life, unless the correctness of the accounting therefor as utility plant is verified by current inventories. Special tools acquired and included in the purchase price of equipment shall be included in the appropriate plant account. Portable drills and similar tool equipment when used in connection with the operation and maintenance of a particular plant or department, such as production, transmission, distribution, etc., or in "stores," shall be charged to the plant account appropriate for their use.

C. The equipment accounts shall include angle irons and similar items which are installed at the base of an item of equipment, but piers and foundations which are designed to be as permanent as the buildings which house the equipment, or which are constructed as a part of the building and which cannot be removed without cutting into the walls, ceilings, or floors, or without in some way impairing the building, shall be included in the building accounts.

6. Utility Plant Retired

A. When depreciable utility plant is abandoned, destroyed, withdrawn or otherwise retired from service for any cause, the book cost of the plant shall be deducted from the utility plant accounts and charged to accumulated provision for depreciation. The cost of removing such plant (except customer meters and line transformers) shall be charged to accumulated provision for depreciation and the amount received for any materials recovered and sold, or salvage value if returned to stores, shall be credited to the accumulated provision for depreciation. It is not intended that the above procedure shall be followed in the replacement of minor items of plant, the replacement of which is charged to operating expense accounts.

B. The book cost of land retired shall be credited to the appropriate land account. If the land is sold, the difference between the book cost (less any accumulated provision for depreciation or amortization therefor which has been authorized and provided) and the sale price of the land (less commissions and other expenses of making the sale) shall be charged or credited, as appropriate, to account 434, Miscellaneous Credits to Surplus, or account 435, Miscellaneous Debits to Surplus. If the land is not used in utility service but is retained by the utility, the book cost shall be charged to account 394, Property Held for Future Use, or account 121, Nonutility Property, as appropriate.

C. The book cost of utility plant retired shall be the amount at which such property is included in the utility plant accounts, including all components of construction costs. The book cost shall be determined from the utility's records and, if this cannot be done, it shall be estimated. When it is impracticable to determine the book cost of each unit, due to the relatively large number or small cost thereof, an appropriate average book cost of the units, with due allowance for any differences in size and character, shall be used as the book cost of the units retired.

BALANCE SHEET ACCOUNTS

Assets and Other Debits

1. Utility Plant

- 100 Utility Plant
- 110 Accumulated Provision for Depreciation and Amortization of Utility Plant

2. Other Property and Investments

- 121 Nonutility Property
- 122 Accumulated Provision for Depreciation and Amortization of Nonutility Property
- 123 Investment in Municipality
- 124 Other Investments
- 125 Special Funds

3. Current and Accrued Assets

- 131 Cash and Working Funds
- 132 Temporary Cash Investments
- 141 Notes Receivable
- 142 Customer Accounts Receivable
- 143 Other Accounts Receivable
- 144 Accumulated Provision for Uncollectible Accounts
- 145 Receivables from Municipality
- 150 Materials and Supplies
- 165 Prepayments
- 170 Other Current and Accrued Assets

4. Deferred Debits

- 181 Unamortized Debt Discount and Expense
- 182 Extraordinary Property Losses
- 183 Other Deferred Debits

Liabilities and Other Credits

5. Proprietary Capital

- 200 Capital Paid in by Municipality
- 215 Appropriated Earned Surplus
- 216 Unappropriated Earned Surplus

6. Long-Term Debt

- 221 Bonds
- 223 Advances from Municipality
- 224 Other Long-Term Debt

BALANCE SHEET ACCOUNTS

7. Current and Accrued Liabilities

- 231 Notes Payable
- 232 Accounts Payable
- 233 Payables to Municipality
- 235 Customer Deposits
- 236 Taxes Accrued
- 237 Interest Accrued
- 238 Other Current and Accrued Liabilities

8. Deferred Credits

- 251 Unamortized Premium on Debt
- 252 Customer Advances for Construction
- 253 Other Deferred Credits

9. Operating Reserves

- 265 Miscellaneous Operating Reserves

10. Contributions in Aid of Construction

- 271 Contributions in Aid of Construction

BALANCE SHEET ACCOUNTS

1. Utility Plant

100 Utility Plant

A. This account shall include the book amount of utility plant, included in the plant accounts 301 to 397, inclusive, prescribed herein and in similar accounts for other utility departments, and having an expectation of life in service of more than one year from date of installation, including such property owned by the utility but held by nominees. Separate subaccounts shall be maintained hereunder for each utility department.

B. The cost of additions to and betterments of property leased from others, which are includible in this account, shall be maintained in subdivisions separate and distinct from those relating to owned property.

110 Accumulated Provision for Depreciation and Amortization of Utility Plant

A. This account shall be credited with the following:

- (1) Amounts charged to account 403, Depreciation Expense, to account 404, Amortization Expense, to account 413, Expenses of Utility Plant Leased to Others, to account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work, or to clearing accounts for currently accruing depreciation or amortization of plant.
- (2) Amounts charged to account 435, Miscellaneous Debits to Surplus, for past accrued depreciation or amortization.
- (3) Amounts of depreciation applicable to utility properties acquired as operating units or systems.
- (4) Amounts chargeable to account 182, Extraordinary Property Losses, when authorized by Commission.
- (5) Amounts of depreciation applicable to utility plant donated to the utility.

B. At the time of retirement of utility plant, this account shall be charged with the book cost of the property retired and the cost of removal, and shall be credited with the salvage value and any other amounts recovered, such as insurance.

C. The credits and debits to this account shall be so kept as to show separately: (1) the amount of accrual for depreciation or amortization, (2) the book cost of property retired, (3) cost of removal, (4) salvage, and (5) other items, including recoveries from insurance.

BALANCE SHEET ACCOUNTS

D. The utility is restricted in its use of the provisions for depreciation to the purposes set forth above. It shall not divert any portion of this account to surplus or make any other use thereof without authorization by the Commission.

2. Other Property and Investments

121 Nonutility Property

This account shall include the book cost of land, structures, equipment or other tangible or intangible property owned by the utility, but not used in utility service and not properly includible in account 394, Property Held for Future Use.

122 Accumulated Provision for Depreciation and Amortization of Nonutility Property

This account shall include the accumulated provision for depreciation and amortization applicable to property other than utility plant.

123 Investment in Municipality

This account shall include the book cost of securities of the municipality owned by the utility and the amount of loans and advances made by the utility to the municipality, when such loans and advances are subject to repayment but are not subject to current settlement.

124 Other Investments

A. This account shall include the book cost of investments in securities issued or assumed by others, and any investments not accounted for elsewhere. Include also the offsetting entry to the recording of amortization of discount or premium on interest-bearing investments. (See account 419, Interest and Dividend Income.)

B. The records shall be maintained in such manner as to show the amount of each investment and the investment advances to each person.

125 Special Funds

This account shall include the amount of cash and book cost of investments which have been segregated in special funds for bond retirements, property additions, and replacements, insurance, employees' pensions, savings, relief, hospital, and other purposes not provided for elsewhere. A separate account, with appropriate title, shall be kept for each fund.

Note.—Amounts deposited with a trustee under the terms of an irrevocable trust agreement for pensions or other employees' benefits shall not be included in this account.

BALANCE SHEET ACCOUNTS

3. Current and Accrued Assets

131 Cash and Working Funds

This account shall include the amount of cash on hand and in banks and cash advanced to officers, agents, employees, and others as petty cash or working funds. Special cash deposits for payment of interest or other special purposes shall be included in this account in separate subdivisions which shall specify the purpose for which each such special deposit is made.

Note.--Special deposits for more than one year, which are not offset by current liabilities, shall not be charged to this account but to account 125, Special Funds.

132 Temporary Cash Investments

A. This account shall include the book cost of investments, such as demand and time loans bankers' acceptances, United States Treasury certificates, marketable securities, and other similar investments, acquired for the purpose of temporarily investing cash.

B. This account shall be so maintained as to show separately temporary cash investments in securities of associated companies and of others. Records shall be kept of any pledged investments.

141 Notes Receivable

This account shall include the book cost, not includible elsewhere, of all collectible obligations in the form of notes receivable and similar evidences (except interest coupons) of money due on demand or within one year from the date of issue.

Note.--The face amount of notes receivable, discounted, sold, or transferred without releasing the utility from liability as endorser thereon, shall be credited to a separate subdivision of this account and appropriate disclosure shall be made in financial statements of any contingent liability arising from such transactions.

142 Customer Accounts Receivable

A. This account shall include amounts due from customers for utility service, and for merchandising, jobbing and contract work. This account shall not include amounts due from the municipality.

B. This account shall be maintained so as to show separately the amounts due for merchandising, jobbing and contract work.

BALANCE SHEET ACCOUNTS

143 Other Accounts Receivable

This account shall include amounts due the utility upon open accounts, other than amounts due from the municipality and from customers for utility services and merchandising, jobbing and contract work.

144 Accumulated Provision for Uncollectible Accounts

This account shall be credited with amounts provided for losses on accounts receivable which may become uncollectible, and also with collections on accounts previously charged hereto. Concurrent charges shall be made to account 578, Uncollectible Accounts, for amounts applicable to utility operations, and to corresponding accounts for other operations. Records shall be maintained so as to show the writeoffs of accounts receivable for each utility department.

Note A.--Accretions to this account shall not be made in excess of a reasonable provision against losses of the character provided for.

Note B.--If provisions for uncollectible notes receivable are necessary, separate subaccounts therefor shall be established under account 141, Notes Receivable.

145 Receivables from Municipality

This account shall include amounts due the utility from the municipality or its other departments which are subject to current settlement.

150 Materials and Supplies

A. This account shall include the cost of fuel on hand and unapplied materials and supplies (except line transformers and meters). It shall include also the book cost of materials recovered in connection with construction, maintenance or the retirement of property, such materials being credited to construction, maintenance, or accumulated depreciation provision, respectively, and included herein as follows:

- (1) Reusable materials consisting of large individual items shall be included in this account at original cost, estimated if not known. The cost of repairing such items shall be charged to the maintenance account appropriate for the previous use.
- (2) Reusable materials consisting of relatively small items, the identity of which (from the date of original installation to the final abandonment or sale thereof) cannot be ascertained without undue refinement in accounting, shall be included in this account at current prices new for such items. The cost of repairing such items shall be charged to the appropriate expense account as indicated by previous use.

BALANCE SHEET ACCOUNTS

- (3) Scrap and nonusable materials included in this account shall be carried at the estimated net amount realized therefrom. The difference between the amounts realized for scrap and nonusable materials sold and the net amount at which the materials were carried in this account, as far as practicable, shall be adjusted to the accounts credited when the materials were charged to this account.

B. Materials and supplies issued shall be credited hereto and charged to the appropriate construction, operating expense, or other account on the basis of a unit price determined by the use of cumulative-average, first-in-first-out, or such other method of inventory accounting as conforms with accepted accounting standards consistently applied.

C. Inventories of materials, supplies, fuel, etc., shall be taken at least annually and the necessary adjustments shall be made to bring this account into agreement with the actual inventories. In effecting the adjustments, large differences which can be assigned to important classes of materials shall be equitably adjusted among the accounts to which such classes of materials have been charged since the previous inventory. Other differences shall be equitably apportioned among the accounts to which materials have been charged.

Items

1. Invoice price of materials less cash or other discounts.
2. Freight, switching or other transportation charges when practicable to include as part of the cost of particular materials to which they relate.
3. Customs duties and excise taxes.
4. Costs of inspection and special tests prior to acceptance.
5. Insurance and other directly assignable charges.

Note A.--where expenses applicable to materials purchased cannot be directly assigned to particular purchases, they may be charged to a stores expense clearing account and distributed therefrom to the appropriate account.

Note B.--When materials and supplies are purchased for immediate use, they need not be carried through this account but may be charged directly to the appropriate utility plant or expense account.

165 Prepayments

A. This account shall include the amount of rents, taxes, insurance, interest and like disbursements made in advance of the period to which they apply. As the periods covered by such prepayments expire, credit this account and charge the proper operating expense or other account with the amount applicable to the period.

BALANCE SHEET ACCOUNTS

B. This account shall be kept or supported in such manner as to disclose the amount of each class of prepayments.

170 Other Current and Accrued Assets

This account shall include the book cost of all other current and accrued assets, appropriately designated and supported so as to show the nature of each asset included herein.

4. Deferred Debits

181 Unamortized Debt Discount and Expense

A. This account shall include the total of the unamortized balance of discount and expense for all classes of long-term debt.

B. The discount and expense shall be amortized over the life of the respective issues under a plan which will distribute the amounts equitably over the life of the securities. The amortization shall be charged to account 428, Amortization of Debt Discount and Expense. The utility may, however, accelerate the writing off of discount and expense where the amounts are insignificant.

182 Extraordinary Property Losses

A. When authorized or directed by the Commission, this account shall include extraordinary losses on property abandoned or otherwise retired from service which are not provided for by the accumulated provisions for depreciation or amortization and which could not reasonably have been foreseen and provided for, and extraordinary losses, such as unforeseen damages to property, which could not reasonably have been anticipated and which are not covered by insurance or other provisions.

B. The entire cost, less net salvage, of depreciable property retired shall be charged to accumulated provision for depreciation. If all, or a portion, of the loss is to be included in this account, the accumulated provision for depreciation shall then be credited and this account charged with the amount properly chargeable hereto.

C. Application to the Commission for permission to use the account shall be accompanied by a statement giving a complete explanation with respect to the items which it is proposed to include herein, the period over which, and the accounts to which it is proposed to write off the charges, and other pertinent information.

183 Other Deferred Debits

A. This account shall include the following classes of items:

- (1) Expenditures for preliminary surveys, plans, investigations, etc., made for the purpose of determining the feasibility of projects under contemplation. If construction results,

BALANCE SHEET ACCOUNTS

this account shall be credited with the amount applicable thereto and the appropriate plant accounts shall be charged with an amount which does not exceed the expenditures which may reasonably be determined to contribute directly and immediately and without duplication to plant. If the work is abandoned, the charge shall be to account 435, Miscellaneous Debits to Surplus, or to the appropriate operating expense account.

- (2) Undistributed balances in clearing accounts at the date of the balance sheet. Balances in clearing accounts shall be substantially cleared not later than the end of the calendar year unless items held therein relate to a future period.
- (3) Balances representing expenditures for work in progress other than on utility plant. This includes jobbing and contract work in progress.
- (4) Other debit balances, the proper final disposition of which is uncertain, and unusual or extraordinary expenses, not included in other accounts, which are in process of being written off.

B. The records supporting the entries to this account shall be so kept that the utility can furnish full information as to each deferred debit included herein.

5. Proprietary Capital

200 Capital Paid in by Municipality

A. This account shall include the capital invested by the municipality in the utility which is not subject to repayment by the utility on demand or at a fixed future date. This includes the cost of plant constructed or acquired by the municipality and transferred to the utility free and clear of debt, cash transferred to the utility for construction of plant or for working capital or other permanent investment of the municipality in the utility.

B. There shall be charged to this account all amounts paid by the utility in liquidation of the capital paid in by the municipality.

Note.--Do not include in this account any amount representing advances subject to repayment or amounts subject to current settlement. (See accounts 223 and 233.)

BALANCE SHEET ACCOUNTS

215 Appropriated Earned Surplus

This account shall include the amount of earned surplus which has been appropriated or set aside for specific purposes. Separate subaccounts shall be maintained under such titles as will designate the purpose for which each appropriation was made.

216 Unappropriated Earned Surplus

This account shall include the balance, either debit or credit, of unappropriated surplus arising from earnings.

6. Long-Term Debt

221 Bonds

A. This account includes the face value of actually issued and unmatured bonds which are direct obligations of the utility. Bonds which have been issued as general obligations of the municipality shall not be included herein even though the proceeds of the issue have been devoted to utility purposes. In such a case, the amount of the proceeds received by the utility department shall be recorded as an advance from the municipality and included in account 223, Advances from Municipality, if subject to repayment by the utility, otherwise in account 200, Capital Paid in by Municipality.

B. Separate accounts shall be maintained hereunder for unmatured bonds of each class and series. Each such account shall be subdivided so as to show: (1) the face value of the actually issued and unmatured bonds, which have not been retired or canceled; also, the face value of such bonds issued by others, the payment of which has been assumed by the utility, (2) the face value of bonds actually issued or assumed by the utility and reacquired by it and not paid, retired, or canceled. The account for reacquired debt shall not include securities which are held by trustees in sinking or other funds.

C. When bonds are reacquired, the difference between face value, adjusted for unamortized discount, expense or premium and the amount paid upon reacquisition, shall be debited or credited, as appropriate, to account 434, Miscellaneous Credits to Surplus, or account 435, Miscellaneous Debits to Surplus.

223 Advances from Municipality

A. This account shall include the face value of notes payable to the municipality and the amount of open book accounts representing advances from the municipality. It does not include notes and open accounts representing indebtedness subject to current settlement.

B. The records supporting the entries to this account shall be so kept that the utility can furnish complete information concerning each note and open account.

BALANCE SHEET ACCOUNTS

224 Other Long-Term Debt

This account shall include, until maturity, all long-term debt not otherwise provided for. Separate accounts shall be maintained for each class of obligation, and records shall be maintained to show for each class all details as to date of obligation, date of maturity, interest dates and rates, security for the obligation, etc.

Note.--Miscellaneous long-term debt reacquired shall be accounted for in accordance with the procedures set forth in account 221, Bonds.

7. Current and Accrued Liabilities

231 Notes Payable

This account shall include the face value of all notes, drafts, acceptances, or other similar evidences of indebtedness, payable on demand or within a time not exceeding one year from date of issue, to other than the municipality.

232 Accounts Payable

This account shall include all amounts payable by the utility within one year, which are not provided for in other accounts.

233 Payables to Municipality

This account shall include amounts payable to the municipality or its other departments which are subject to current settlement.

235 Customer Deposits

This account shall include all amounts deposited with the utility by customers as security for the payment of bills.

236 Taxes Accrued

A. This account shall be credited with the amount of taxes accrued during the accounting period, corresponding debits made to the appropriate accounts for tax charges. Such credits may be based upon estimates, but from time to time during the year as the facts become known, the amount of the periodic credits shall be adjusted so as to include as nearly as can be determined in each year the taxes applicable thereto. Any amount representing a prepayment of taxes applicable to the period subsequent to the date of the balance sheet shall be shown under account 165, Prepayments.

BALANCE SHEET ACCOUNTS

B. If accruals for taxes are found to be insufficient or excessive, correction therefor shall be made through current tax accruals. However, if such corrections are so large as to seriously distort current expenses, they shall be charged or credited, as appropriate, to account 434, Miscellaneous Credits to Surplus, or account 435, Miscellaneous Debits to Surplus.

C. The records supporting the entries to this account shall be kept so as to show for each class of taxes, the amount accrued, the basis for the accrual, the accounts to which charged, and the amount of tax paid.

237 Interest Accrued

This account shall include the amount of interest accrued but not matured on all liabilities of the utility, not including, however, interest which is added to the principal of the debt on which incurred. Supporting records shall be maintained so as to show the amount of interest accrued on each obligation.

238 Other Current and Accrued Liabilities

This account shall include the amount of all other current and accrued liabilities not provided for elsewhere appropriately designated and supported so as to show the nature of each liability.

Items

1. Matured long-term debt.
2. Matured interest.
3. Taxes collected through payroll deductions or otherwise pending transmittal to the proper taxing authority.

8. Deferred Credits

251 Unamortized Premium on Debt

A. This account shall include the total of the unamortized balance of premium and expense for all classes of long-term debt.

B. The premium and expense shall be amortized over the life of the respective issues under a plan which will distribute the amounts equitably over the life of the securities. The amortization shall be credited to account 429, Amortization of Premium on Debt - Cr.

252 Customer Advances for Construction

This account shall include advances by customers for construction which are to be refunded either wholly or in part. When a customer is refunded the entire amount to which he is entitled, according to the agreement or rule under which the advance was made, the balance, if any, remaining in this account shall be credited to account 271, Contributions in Aid of Construction.

BALANCE SHEET ACCOUNTS

253 Other Deferred Credits

This account shall include advance billings and receipts and other deferred credit items, not provided for elsewhere, including amounts which cannot be entirely cleared or disposed of until additional information has been received.

9. Operating Reserves

265 Miscellaneous Operating Reserves

A. This account shall include all operating reserves maintained by the utility which are not provided for elsewhere.

B. This account shall be maintained in such manner as to show the amount of each separate reserve and the nature and amounts of the debits and credits thereto.

Note.--This account includes only such reserves as may be created for operating purposes and does not include any reservations of income the credits for which should be carried in account 215, Appropriated Earned Surplus.

10. Contributions in Aid of Construction

271 Contributions in Aid of Construction

A. This account shall include donations or contributions in cash, services, or property from states, municipalities or other governmental agencies, individuals, and others for construction purposes.

B. The credits to this account shall not be transferred to earned surplus or to any other account without the approval of the Commission.

C. The records supporting the entries to this account shall be so kept that the utility can furnish information as to the purpose of each donation, the conditions, if any, upon which it was made, the amount of donations from (a) states, (b) municipalities, (c) customers, and (d) others, and the amount applicable to each utility department.

D. Each construction grant received from a state or Federal agency, not including contributions collected in accordance with the utility's filed rates and rules concerning assessments and charges to utility customers for extensions, services and hook-up fees, shall be credited to a specific sub-account of account 271. When authorized by the Commission, the amount of each such grant will be amortized over the composite life of the property which was constructed from the grant funds by debits to the grant sub-account and credits to account 457, Amortization of Construction Grants.

Note.--There shall not be included in this account advances for construction which are ultimately to be repaid wholly or in part. (See account 252, Customer Advances for Construction.)

UTILITY PLANT ACCOUNTS

1. Intangible Plant

- 301 Organization
- 302 Franchises and Consents
- 303 Miscellaneous Intangible Plant

2. Production Plant

A. Steam Production

- 310 Land and Land Rights
- 311 Structures and Improvements
- 312 Steam Power Equipment

B. Hydraulic Production

- 330 Land and Land Rights
- 331 Structures and Improvements
- 332 Reservoirs, Dams and Waterways
- 333 Hydraulic Power Equipment

C. Other Production

- 340 Land and Land Rights
- 341 Structures and Improvements
- 342 Other Power Equipment

3. Transmission and Distribution Plant

- 350 Land and Land Rights
- 351 Structures and Improvements
- 352 Station Equipment
- 353 Overhead Lines
- 356 Underground Lines
- 358 Line Transformers
- 360 Meters
- 361 Installations on Customers' Premises
- 362 Leased Property on Customers' Premises
- 363 Street Lighting and Signal Systems

4. General Plant

- 370 Land and Land Rights
- 371 Structures and Improvements
- 372 Office Furniture and Equipment
- 373 Transportation Equipment
- 379 Other General Equipment

UTILITY PLANT ACCOUNTS

5. Other Utility Plant

- 390 Other Tangible Property
- 391 Utility Plant Purchased or Sold
- 392 Utility Plant in Process of Reclassification
- 393 Utility Plant Leased to Others
- 394 Property Held for Future Use
- 395 Construction Work in Progress
- 396 Utility Plant Acquisition Adjustments
- 397 Other Utility Plant Adjustments

UTILITY PLANT ACCOUNTS

1. Intangible Plant

301 Organization

This account shall include the cost of organizing the utility and putting it into readiness to do business.

Note.--This account shall not include any discounts upon securities issued or assumed, ~~nor~~ shall it include any costs incident to negotiating loans, selling bonds, or other evidences of debt.

302 Franchises and Consents

A. This account shall include amounts paid to the federal government, to a state or to a political subdivision thereof in consideration for franchises, consents, or certificates, running in perpetuity or for a specified term of more than one year, together with necessary and reasonable expenses incident to procuring such franchises, consents, or certificates of permission and approval.

B. Records supporting this account shall be maintained so as to show separately the book cost of each franchise or consent.

303 Miscellaneous Intangible Plant

A. This account shall include the cost of patent rights, licenses, privileges, and other intangible property necessary or valuable in the conduct of utility operations and not specifically chargeable to any other account.

B. When any item included in this account is retired or expires, the book cost thereof shall be credited hereto and charged to account 435, Miscellaneous Debits to Surplus, or account 110, Accumulated Provision for Depreciation and Amortization of Utility Plant, as appropriate.

C. This account shall be maintained in such a manner that the utility can furnish full information with respect to the amounts included herein.

2. Production Plant

A. Steam Production

310 Land and Land Rights

This account shall include the cost of land and land rights used in connection with steam-power generation. (See utility plant instruction 3.)

UTILITY PLANT ACCOUNTS

311 Structures and Improvements

This account shall include the cost in place of structures and improvements used in connection with steam-power generation. (See utility plant instruction 4.)

Note.--Include steam production roads and railroads in this account.

312 Steam Power Equipment

This account shall include the cost installed of equipment in steam production plants used in generating electricity, such as:

- (1) Furnaces, boilers, coal and ash-handling equipment, steam and feed water piping, water supply and purification systems, boiler apparatus and accessories.
- (2) Steam engines, reciprocating or rotary, and their associated auxiliaries; generators, engine driven and turbine driven.
- (3) Accessory and other equipment in steam plants.

Note.--This account shall not include boilers or steam pipes whose primary purpose is the heating of structures.

B. Hydraulic Production

330 Land and Land Rights

This account shall include the cost of land and land rights used in connection with hydraulic power generation. (See utility plant instruction 3.)

331 Structures and Improvements

This account shall include the cost in place of structures and improvements used in connection with hydraulic power generation. (See utility plant instruction 4.)

332 Reservoirs, Dams and Waterways

This account shall include the cost in place of facilities used for impounding, collecting, storage, diversion, regulation and delivery of water used primarily for generating electricity. This includes reservoirs, dams and waterways with all construction appurtenant thereto, such as spillways, flash boards, gates, canals, tunnels, gate houses, fish ladders, intakes, flumes, penstocks, forebays, tailraces, and all other construction identified therewith.

UTILITY PLANT ACCOUNTS

333 Hydraulic Power Equipment

This account shall include the cost installed of equipment in hydraulic power plants used in generating electricity, such as:

- (1) Water wheels and hydraulic turbines and generators driven thereby and their accessories.
- (2) Accessory and other equipment in hydraulic power plants.

C. Other Production

340 Land and Land Rights

This account shall include the cost of land and land rights used in connection with other power generation. (See utility plant instruction 3.)

341 Structures and Improvements

This account shall include the cost in place of structures and improvements used in connection with other power generation. (See utility plant instruction 4.)

342 Other Power Equipment

This account shall include the cost installed of equipment in internal combustion engine and other power production plants used in generating electricity, such as:

- (1) Fuel handling and storage equipment, and gas producers and accessories devoted to the production of gas for use in internal combustion engines driving electric generators.
- (2) Diesel engines or other prime movers with their auxiliaries.
- (3) Generators and their accessories.
- (4) Accessory and other equipment in other power production plants.

3. Transmission and Distribution Plant

350 Land and Land Rights

This account shall include the cost of land and land rights used in connection with transmission and distribution operations. (See utility plant instruction 3.)

UTILITY PLANT ACCOUNTS

351 Structures and Improvements

This account shall include the cost in plant of structures and improvements used in connection with transmission and distribution operations. (See utility plant instruction 4.)

352 Station Equipment

This account shall include the cost installed of transforming, conversion, and switching equipment, including transformer banks, etc., used for the purpose of changing the characteristics of electricity in connection with its transmission or distribution, and equipment for controlling the electric circuits.

Note.--The cost of rectifiers, series transformers and other special station equipment devoted exclusively to street lighting or signal system service shall not be included in this account, but in account 363, Street Lighting and Signal Systems.

353 Overhead Lines

A. This account shall include the cost installed of overhead transmission and distribution lines, including:

- (1) Poles, towers, and appurtenant fixtures, such as anchors, guys, crossarms, brackets, guards, pins, pole steps, transformer racks, and platforms, pole plates, etc.
- (2) Wire and cable, circuit breakers, insulators, clamps, lightning arresters and ground wires, switches and other line devices, except transformers.
- (3) Services, i.e., conductors leading from last pole to the connection with customer's service outlet and wiring.

B. The costs chargeable to this account include also such items as permits, municipal inspection, protection of street openings, etc.

Note.--The cost of plant used solely for street lighting or signal systems shall not be included in this account but in account 363, Street Lighting and Signal Systems.

356 Underground Lines

A. This account shall include the cost installed of underground transmission and distribution lines, including:

- (1) Conduit, including foundations, manholes, lighting systems, sewer connections, ventilating equipment, etc.

UTILITY PLANT ACCOUNTS

- (2) Wire and cable, circuit breakers, insulators, clamps, lightning arresters, switches, and other line devices, except transformers.
- (3) Service, i.e., conductors, leading from distribution box or manhole to the connection with customer's service outlet or wiring.

B. The costs chargeable to this account include also such items as permits, municipal inspection, protection of street openings, etc.

Note.--The cost of plant used solely for street lighting or signal systems shall not be included in this account but in account 363, Street Lighting and Signal Systems.

358 Line Transformers

A. This account shall include the cost installed of overhead and underground distribution line transformers and pole-type and underground voltage regulators owned by the utility, for use in transforming electricity to the voltage at which it is to be used by the customer, and the cost of transformers held in reserve. The installation cost includible herein is the first installation only.

B. When a transformer is permanently retired from service, the installed cost thereof shall be credited to this account.

C. The records covering line transformers shall be so kept that the utility can furnish the number of transformers of various types and capacities in service and those in reserve, and the location and the use of each transformer.

Items

1. Installation, labor of (first installation only).
2. Network protectors, installed.
3. Transformers, line and network.
4. Transformer cut-out boxes, installed.
5. Transformer lightning arrester, installed.
6. Voltage regulators.

Note A.--The cost of removing and resetting line transformers shall not be charged to this account but to account 550, Supervision and Labor.

Note B.--The cost of line transformers used solely for street lighting or signal systems shall be included in account 363, Street Lighting and Signal Systems.

UTILITY PLANT ACCOUNTS

360 Meters

A. This account shall include the cost installed of meters or devices and appurtenances thereto, for use in measuring the electricity delivered to its users, and the cost of meters held in reserve. The installation cost includible herein is the first installation only.

B. When a meter is permanently retired from service, the installed cost thereof shall be credited to this account.

C. The records covering meters shall be so kept that the utility can furnish information as to the number of meters of various types and capacities in service and in reserve as well as the location of each meter owned.

Items

1. Meters.
2. Current limiting devices.
3. Demand indicators.
4. Instrument transformers.
5. Meter badges and their attachments, installed.
6. Testing new meters.
7. Installation, labor of (first installation only).
8. Meter boards and boxes, installed.
9. Meter fittings and materials used in installation.
10. Meter switches and cut-outs, installed.
11. Protective devices, installed.

Note A.--This account shall not include meters for recording output of a generating station, sub-station meters, etc. It includes only meters for use to record energy delivered to customers.

Note B.--The cost of removing and resetting meters shall be charged to account 550, Supervision and Labor.

361 Installations on Customers' Premises

This account shall include the cost installed of equipment on the customers' side of a meter when the utility incurs such cost and when the utility retains title to and assumes full responsibility for maintenance and replacement of such property. This account shall not include equipment leased to customers. (See account 362, Leased Property on Customers' Premises.)

Items

1. Cable vaults.
2. Commercial lamp equipment.
3. Foundations and setting specially provided for equipment included herein.

UTILITY PLANT ACCOUNTS

4. Frequency changer sets.
5. Motor generator sets.
6. Motors.
7. Switchboard panels, high or low tension.
8. Wire and cable connections to incoming cables.

Note.--Do not include in this account any costs incurred in connection with merchandising, jobbing or contract work activities.

362 Leased Property on Customers' Premises

This account shall include the cost of electric motors, transformers, and other equipment on customers' premises (including municipal corporations), leased to customers, but not including property held for sale.

Note A.--The cost of setting and connecting such appliances or equipment on the premises of customers and the cost of resetting or removal shall not be charged to this account but to operating expense account 550, Supervision and Labor.

Note B.--Do not include in this account any costs incurred in connection with merchandising, jobbing, or contract work activities.

363 Street Lighting and Signal Systems

This account shall include the cost installed of equipment used wholly for public street and highway lighting or traffic, fire alarm, police and other signal systems.

Items

1. Armored conductors, buried or submarine, including insulators, insulating materials, splices, trenching, etc.
2. Automatic control equipment.
3. Conductors, overhead or underground, including lead or fabric covered, parkway cables, etc., including splices, insulators, etc.
4. Conduit runs used solely for street lighting or signal systems, not including ducts in a bank, part of which is used or held for use for other purposes.
5. Lamps, arc, incandescent, or other types, including glassware, suspension fixtures, brackets, etc.
6. Municipal inspection.
7. Ornamental lamp posts.
8. Pavement disturbed, including cutting and replacing pavement, pavement base, and sidewalks.

UTILITY PLANT ACCOUNTS

9. Permits.
10. Poles and towers and appurtenant attachments.
11. Posts and standards.
12. Protection of street openings.
13. Relays or time clocks.
14. Series contactors.
15. Switches.
16. Transformers, pole or underground.
17. Transformers, rectifiers, and other special station equipment devoted exclusively to street lighting and signal systems.

4. General Plant

370 Land and Land Rights

This account shall include the cost of land and land rights used for utility purposes, the cost of which is not properly includible in other land and land rights accounts. (See utility plant instruction 3.)

371 Structures and Improvements

This account shall include the cost in place of structures and improvements used for utility purposes, the cost of which is not properly includible in other structures and improvements accounts. (See utility plant instruction 4.)

372 Office Furniture and Equipment

This account shall include the cost of office furniture and equipment owned by the utility and devoted to utility service, and not permanently attached to buildings, except the cost of such furniture and equipment which the utility elects to assign to other plant accounts on a functional basis.

Items

1. Bookcases and shelves.
2. Desks, chairs, and desk equipment.
3. Drafting-room equipment.
4. Filing, storage, and other cabinets.
5. Floor covering.
6. Library and library equipment.
7. Mechanical office equipment, such as accounting machines, typewriters, etc.
8. Safes.
9. Tables.

UTILITY PLANT ACCOUNTS

373 Transportation Equipment

This account shall include the cost of transportation vehicles used for utility purposes.

Items

1. Airplanes.
2. Automobiles.
3. Bicycles.
4. Electrical vehicles.
5. Motor trucks.
6. Motorcycles.
7. Repair cars or trucks.
8. Tractors and trailers.
9. Other transportation vehicles.

379 Other General Equipment

This account shall include the cost installed of the following equipment:

- (1) Equipment used for the receiving, shipping, handling and storage of materials and supplies when not an integral part of the housing structure.
- (2) Equipment specially provided for general shops when such equipment is not an integral part of the housing structure.
- (3) Laboratory equipment used for general laboratory purposes and not specially provided for or includible in other departmental or functional plant accounts.
- (4) Tools, implements, and equipment used in construction or repair work exclusive of equipment includible in other equipment accounts.
- (5) Other general equipment, apparatus, etc., used in the utility's electric operations, and which is not includible in any other account.

Note.--General equipment of the nature indicated above whenever practicable shall be assigned to the electric plant accounts on a functional basis.

5. Other Utility Plant

390 Other Tangible Property

This account shall include the cost of tangible utility plant not provided for elsewhere.

UTILITY PLANT ACCOUNTS

391 Utility Plant Purchased or Sold

This account shall be charged with the cost of utility plant acquired as an operating unit or system by purchase, and shall be credited with the selling price of like property transferred to others pending the distribution to appropriate accounts as the Commission shall approve or direct.

392 Utility Plant in Process of Reclassification

A. This account shall include temporarily the balance of utility plant as of the effective date of the prior system of accounts, which has not yet been reclassified as of the effective date of this system of accounts. The detail or primary accounts in support of this account employed prior to such date shall be continued pending reclassification into the utility plant accounts herein prescribed, but shall not be used for additions, betterments, or new construction.

B. No charges other than as provided in paragraph A, above, shall be made to this account, but retirements of such unclassified utility plant shall be credited hereto and to the supporting (old) fixed capital accounts until the reclassification shall have been accomplished.

393 Utility Plant Leased to Others

A. This account shall include the original cost of utility plant owned by the utility, but leased to others as operating units or systems, where the lessee has exclusive possession.

B. The property included in this account shall be classified according to the detailed accounts prescribed for utility plant in service, and this account shall be maintained in such detail as though the property were used by the owner in its utility operations.

394 Property Held for Future Use

A. This account shall include the original cost of property owned and held for future use in utility service under a definite plan for such use. There shall be included herein property acquired but never used by the utility in utility service, but held for such service in the future under a definite plan, and property previously used by the utility in utility service pending its reuse in the future, under a definite plan, in utility service.

B. The property included in this account shall be classified according to the detailed accounts prescribed for utility plant in service and the account shall be maintained in such detail as though the property were in service. Separate subaccounts shall be maintained hereunder for each utility department for which plant is held for future use.

UTILITY PLANT ACCOUNTS.

Note.--Materials and supplies, meters and transformers held in reserve, and normal spare capacity of plant in service shall not be included in this account.

395 Construction Work in Progress

This account shall include the total of the balances of work orders for utility plant in process of construction but not ready for service at the date of the balance sheet.

396 Utility Plant Acquisition Adjustments

A. This account shall include the difference between (a) the cost to the accounting utility of utility plant acquired as an operating unit or system by purchase, and (b) the original cost, estimated, if not known, of such property, less the amount or amounts credited by the accounting utility at the time of acquisition to depreciation and amortization reserves and contributions in aid of construction with respect to such property.

B. The amounts recorded in this account with respect to each property acquisition shall be amortized, or otherwise disposed of, as the Commission may approve or direct.

397 Other Utility Plant Adjustments

A. This account shall include the difference between the original cost, estimated if not known, and the book cost of utility plant to the extent that such difference is not properly includible in account 396, Utility Plant Acquisition Adjustments.

B. Amounts included in this account shall be classified in such manner as to show the origin of each amount and shall be disposed of as the Commission may approve or direct.

Note.--The provisions of this account shall not be construed as approving or authorizing the recording of appreciation of utility plant.

INCOME ACCOUNTS

1. Utility Operating Income

400 Operating Revenues
Operating Expenses:
401 Operation and Maintenance Expense
403 Depreciation Expense
404 Amortization Expense
408 Taxes
Total Operating Expenses
Net Operating Revenues
412 Revenues from Utility Plant Leased to Others
413 Expenses of Utility Plant Leased to Others
Utility Operating Income

2. Other Income

415 Revenues from Merchandising, Jobbing and Contract Work
416 Costs and Expenses of Merchandising, Jobbing and Contract Work
418 Nonoperating Rental Income
419 Interest and Dividend Income
421 Miscellaneous Nonoperating Income
Total Other Income
Total Income

3. Miscellaneous Income Deductions

425 Miscellaneous Amortization
426 Other Income Deductions
Total Income Deductions
Income Before Interest Charges

4. Interest Charges

427 Interest on Long-Term Debt
428 Amortization of Debt Discount and Expense
429 Amortization of Premium on Debt--Cr.
430 Interest on Debt to Municipality
431 Other Interest Expense
432 Interest Charged to Construction - Cr.
Total Interest Charges
Net Income

5. Earned Surplus

216 Unappropriated Earned Surplus (at beginning of period)
433 Balance Transferred from Income
434 Miscellaneous Credits to Surplus
435 Miscellaneous Debits to Surplus
436 Appropriations of Surplus
Net Addition to Earned Surplus
439 Appropriations of Income to Municipal Funds
216 Unappropriated Earned Surplus (at end of period)

INCOME ACCOUNTS

1. Utility Operating Income

400 Operating Revenues

There shall be shown under this caption the total amount included in the operating revenue accounts provided herein and in similar accounts for other utility departments. Separate subaccounts shall be maintained for each utility department.

401 Operation and Maintenance Expense

There shall be shown under this caption the total amount included in the operation and maintenance expense accounts provided herein and in similar accounts for other utility departments. Separate subaccounts shall be maintained for each utility department.

403 Depreciation Expense

A. This account shall include the amount of depreciation expense for the period covered by the income statement for all classes of depreciable utility plant in service except such depreciation expense as is chargeable to clearing accounts or to merchandising, jobbing and contract work activities.

B. If the utility is engaged in more than one utility service, a separate account shall be kept hereunder for each utility service.

404 Amortization Expense

This account shall include amortization charges applicable to amounts included in the utility plant accounts for limited-term franchises, licenses, patent rights, limited-term interests in land, and expenditures on leased property where the service life of the improvements is terminable by action of the lease. The charges to this account shall be such as to distribute the book cost of each investment as evenly as may be over the period of its benefit to the utility. Include, also, when authorized by the Commission, amortization of extraordinary property losses. (See account 182, Extraordinary Property Losses.)

408 Taxes

A. This account shall include the amount of taxes assessed by federal, state, county, municipal, or other local governmental authorities, which are properly chargeable to utility operations. The charge for tax equivalents due to the municipality shall be made in accordance with the Wisconsin Administrative Code, Section PSC 109.

B. The charges to this account shall be made or supported so as to show the amount of each tax and the basis upon which each charge is made. In the case of a utility rendering a number of utility services,

INCOME ACCOUNTS

taxes includible in this account shall be assigned directly to the utility department the operation of which gave rise to the tax in so far as practicable. Where the tax is not attributable to a specific utility department, it shall be distributed among the utility departments or nonutility operations on an equitable basis.

Note A.--Taxes applicable to nonutility property or investments, shall be charged to the account in which the income from the property or investments is included.

Note B.--Special assessments for street and similar improvements shall be included in the appropriate utility plant or nonutility property account.

Note C.--Taxes specifically applicable to construction shall be included in the cost of construction.

Note D.--Taxes assumed by the utility on property leased from others for use in utility operations shall be charged to the appropriate rent expense or clearing account.

Note E.--Gasoline and other sales taxes shall be charged as far as practicable to the same account as the materials on which the tax is levied.

Note F.--Social Security and other forms of so-called pay roll taxes shall be distributed to utility departments and to nonutility functions on a basis related to pay roll. Amounts applicable to construction shall be charged to the appropriate plant account.

- 412 Revenues from Utility Plant Leased to Others
- 413 Expenses of Utility Plant Leased to Others

These accounts shall include, respectively, revenues from utility property constituting a distinct operating unit or system leased by the utility to others, and which property is properly includible in account 393, Utility Plant Leased to Others, and the expenses attributable to such property.

2. Other Income

- 415 Revenues from Merchandising, Jobbing and Contract Work
- 416 Costs and Expenses of Merchandising, Jobbing and Contract Work

These accounts shall include, respectively, all revenues derived from the sale of merchandise and jobbing or contract work including any profit or commission accruing to the utility on jobbing work performed by it as agent under contracts whereby it does jobbing work for another for a stipulated profit or commission, and all expenses incurred in such activities.

INCOME ACCOUNTS

Items

Account 415:

1. Revenues from sale of merchandise and from jobbing and contract work.
2. Discounts and allowances made in settlement of bills for merchandise and jobbing work.

Account 416:

1. Cost of merchandise sold and of materials used in jobbing work.
2. Labor installing appliances and wiring, piping or other property work on a contract basis.
3. Advertising and other selling expenses in connection with merchandise and jobbing activities.
4. Losses on uncollectible merchandise accounts.

418 Nonoperating Rental Income

This account shall include all rent revenues and related expenses of land, buildings, or other property included in account 121, Nonutility Property.

419 Interest and Dividend Income

A. This account shall include interest revenues on securities, loans, advances, special deposits, tax refunds and all other interest-bearing assets, and dividends on stocks, whether the securities on which the interest and dividends are received are carried as investments or included in sinking or other special fund accounts.

B. If any interest or dividends are required to be retained in a special fund and the fund is represented by a reserve, the amount of such accretion to the fund shall concurrently be credited to the appropriate reserve account and charged to account 436, Appropriations of Surplus.

421 Miscellaneous Nonoperating Income

This account shall include all revenue and expense items properly includible in the income account and not provided for elsewhere.

3. Miscellaneous Income Deductions

425 Miscellaneous Amortization

This account shall include amortization charges not includible in other accounts which are properly deductible in determining the income of the utility before interest charges. Charges includible herein, if

significant in amount, must be in accordance with an orderly and systematic amortization program. Similar charges made irregularly without a definite program, or which are dependent upon the amount of net income shall be charged to account 435, Miscellaneous Debits to Surplus.

Items

1. Amortization of utility plant acquisition adjustments, or of intangibles included in utility plant in service when not authorized to be included in utility operating expenses by the Commission.
2. Amortization of amounts in account 182, Extraordinary Property Losses, when not authorized to be included in utility operating expenses by the Commission.

426 Other Income Deductions

This account shall include miscellaneous expense items which are non-operating in nature but which are properly deductible before determining total income before interest charges.

Items

1. Life insurance of officers and employees where utility is beneficiary (net premiums less increase in cash surrender value of policies).
2. Penalties or fines for violation of statutes pertaining to regulation
3. Expenditures for purposes of:
 - a) Influencing public opinion with respect to the election or appointment of public officials, or the adoption, repeal, revocation or modification of referenda, legislation or ordinances.
 - b) Obtaining approval, modification or revocation of franchises.
 - c) Influencing the decisions of public officials not including such expenditures which are directly related to appearances before regulatory or other governmental bodies in connection with the utility's existing or proposed operations.

4. Interest Charges

427 Interest on Long-Term Debt

A. This account shall include in each accounting period the amount of interest applicable thereto on outstanding long-term debt issued or assumed by the utility, the liability for which is included in account 221, Bonds, or account 224, Other Long-Term Debt.

B. This account shall be so kept or supported as to show the interest accruals on each class and series of long-term debt.

Note.--This account shall not include interest on nominally issued or nominally outstanding long-term debt, including securities assumed.

428 Amortization of Debt Discount and Expense

A. This account shall include in each accounting period the portion of unamortized debt discount and expense on outstanding long-term debt which is applicable to such period. Amounts charged to this account shall be credited concurrently to account 181, Unamortized Debt Discount and Expense.

INCOME ACCOUNTS

B. This account shall be so kept or supported as to show the debt discount and expense on each class and series of long-term debt.

429 Amortization of Premium on Debt--Cr.

A. This account shall include in each accounting period the portion of unamortized net premium on outstanding long-term debt which is applicable to such period. Amounts credited to this account shall be charged concurrently to account 251, Unamortized Premium on Debt.

B. This account shall be so kept or supported as to show the premium on each class and series of long-term debt.

430 Interest on Debt to Municipality

A. This account shall include in each accounting period, the interest accrued on amounts included in account 223, Advances from Municipality, and on all other obligations to the municipality.

B. The records supporting the entries to this account shall be so kept as to show to whom the interest is to be paid, the period covered by the accrual, the rate of interest and the principal amount of the advances or other obligations on which the interest is accrued.

431 Other Interest Expense

This account shall include in each accounting period all interest charges not provided for elsewhere.

Items

1. Interest on notes payable on demand, or maturing one year or less from date and on open accounts, except notes and accounts with the municipality.
2. Interest on Customers' deposits.
3. Interest on claims and judgments, tax assessments, and assessments for public improvements past due.

432 Interest Charged to Construction - Cr.

This account shall include concurrent credits for interest charged to construction bases upon the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate upon other funds when so used. No interest shall be capitalized on plant which is completed and ready for service.

5. Earned Surplus

433 Balance Transferred from Income

This account shall include the net credit or debit transferred from income for the year.

INCOME ACCOUNTS

434 Miscellaneous Credits to Surplus

This account shall include credits affecting earned surplus not provided for elsewhere. All items included in this account shall be sufficiently described in the entries relating thereto as to permit ready analysis.

Items

1. Delayed credits.
2. Profit on reacquisition and resale or retirement of utility's debt securities.
3. Profit on sale of property or investments.

435 Miscellaneous Debits to Surplus

This account shall include amounts chargeable to earned surplus but not provided for elsewhere. All items included in this account shall be sufficiently described in the entries relating thereto as to permit ready analysis.

Items

1. Decline in value of investments.
2. Delayed debits.
3. Loss on reacquisition and resale or retirement of utility's debt securities.
4. Provision for past accrued depreciation not provided for.
5. Long-term debt discount and expense written off.
6. Loss on sale of property or investments.
7. Amortization of utility plant acquisition adjustments or of intangibles when not done under an orderly systematic program indicating the propriety of inclusion of the annual charges in account 425, Miscellaneous Amortization.
8. Preliminary survey and investigation expenses on abandoned projects.

436 Appropriations of Surplus

This account shall include appropriations of earned surplus for purposes not provided for elsewhere in this system of accounts.

Items

1. Appropriations of income required under terms of mortgages, orders of courts, contracts or other agreements.
2. Appropriations of income required by action of regulatory authorities.
3. Miscellaneous appropriations of income made at option of utility for specified purposes.

INCOME ACCOUNTS

439 Appropriations of Income to Municipal Funds

This account shall include the amount of cash or other assets payable to the municipality out of the income or earned surplus of the utility.

OPERATING REVENUE ACCOUNTS

1. Sales of Electricity

- 440 Residential Sales
- 441 Rural Sales
- 442 Small Commercial and Industrial Sales
- 443 Large Commercial and Industrial Sales
- 444 Public Street and Highway Lighting
- 447 Sales for Resale
- 448 Interdepartmental Sales

2. Other Operating Revenues

- 450 Forfeited Discounts
- 456 Other Electric Revenues
- 457 Amortization of Construction Grants

OPERATING REVENUE ACCOUNTS

1. Sales of Electricity

440 Residential Sales

A. This account shall include the net billing for electricity supplied for residential or domestic purposes.

B. Records shall be maintained so that the quantity of electricity sold and the revenue received under each rate schedule shall be readily available.

Note.--When electricity supplied through a single meter is used for both residential and commercial purposes, the total revenue shall be included in this account, or account 442, Small Commercial and Industrial Sales, according to the rate schedule which is applied. If the same rate schedules apply to residential as to commercial and industrial service, classification shall be made according to principal use.

441 Rural Sales

A. This account shall include the net billing for electricity supplied to rural and farm customers and billed under distinct rural or farm rates.

B. Records shall be maintained so that the quantity of electricity sold and the revenue received under each rate schedule shall be readily available.

442 Small Commercial and Industrial Sales

A. This account shall include the net billing for electricity supplied for commercial and industrial purposes to customers with less than 50 kw of actual or estimated maximum demand, or connected load, or where such data are not readily available, with consumption of less than 120,000 kw-hrs. per annum.

B. Records shall be maintained so that the quantity of electricity sold and the revenue received under each rate schedule shall be readily available.

Note.--When electricity supplied through a single meter is used for both commercial and residential purposes, the total revenue shall be included in this account, or in account 440, Residential Sales, according to the rate schedule which is applied. If the same rate schedules apply to residential as to commercial service, classification shall be made according to the principal use.

OPERATING REVENUE ACCOUNTS

443 Large Commercial and Industrial Sales

A. This account shall include the net billing for electricity supplied for commercial and industrial purposes to customers with 50 kw or more of actual or estimated maximum demand, or connected load, or where such data are not readily available, with consumption of 120,000 kw-hrs. or more per annum.

B. Records shall be maintained so that the quantity of electricity sold and the revenue received under each rate schedule shall be readily available.

Note.--In classifying between large and small commercial and industrial sales, reasonable deviations above or below the 50 kw-hrs. demand are permissible in order that transfers of customers between the two classes during the year may be minimized.

444 Public Street and Highway Lighting

A. This account shall include the net billing for electricity supplied and services rendered for the purposes of lighting streets, highways, parks and other public places, or for traffic or other signal system service, for municipalities or other divisions or agencies of state or federal governments.

B. Records shall be maintained so that the quantity of electricity sold and the revenue received from each customer shall be readily available. In addition, the records shall be maintained so as to show the revenues from (a) contracts which include both electricity and services, and (b) contracts which include sales of electricity only.

447 Sales for Resale

A. This account shall include the net billing for electricity supplied to other electric utilities or to public authorities for resale purposes.

B. Records shall be maintained so as to show the quantity of electricity sold and the revenue received from each customer.

Note.--Revenues from electricity supplied to other public utilities for use by them and not for distribution, shall be included in commercial and industrial sales, unless supplied under the same contract as and not readily separable from revenues includible in this account.

448 Interdepartmental Sales

A. This account shall include amounts charged by the electric department at tariff or other specified rates for electricity supplied by it to other utility departments.

OPERATING REVENUE ACCOUNTS

B. Records shall be maintained so that the quantity of electricity supplied each other department and the charges therefor shall be readily available.

2. Other Operating Revenues

450 Forfeited Discounts

This account shall include the amount of discounts forfeited or additional charges imposed because of the failure of customers to pay their electric bills on or before a specified date.

456 Other Electric Revenues

This account shall include revenues derived from electric operations not includible in any of the foregoing accounts.

Items

1. Fees for changing, connecting or disconnecting service.
2. Minor or incidental management or supervision services charges to others.
3. Profit or loss on sale of material and supplies not ordinarily purchased for resale.
4. Rent from utility plant used in electric operations.
5. Interdepartmental rents.
6. Sales of steam, but not including sales made by a steam-heating department or transfers of steam under joint facility operations.
7. Sale of water and water power.

457 Amortization of Construction Grants

When authorized by the Commission, this account shall include credits for amortization of construction grants received from state and Federal agencies. (See Account 271, paragraph D.)

OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

1. Production Expenses

A. Steam Power Generation

500 Supervision and Labor
501 Fuel
502 Supplies and Expenses
503 Steam from Other Sources
504 Steam Transferred--Cr.
506 Repairs of Steam Production Plant

B. Hydraulic Power Generation

520 Supervision and Labor
521 Water for Power
522 Supplies and Expenses
524 Repairs of Hydraulic Production Plant

C. Other Power Generation

530 Supervision and Labor
531 Fuel
532 Supplies and Expenses
534 Repairs of Other Power Production Plant

D. Other Power Supply Expenses

540 Purchased Power
549 Other Expenses

2. Transmission and Distribution Expenses

550 Supervision and Labor
552 Supplies and Expenses
560 Transportation Expenses

3. General Expenses

580 Administrative and General Salaries
581 Office Supplies and Expenses
582 Outside Services Employed
584 Insurance Expense
586 Employee Pensions and Benefits
588 Regulatory Commission Expenses
589 Miscellaneous General Expenses
590 Uncollectible Accounts

OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

1. Production Expenses

A. Steam Power Generation

500 Supervision and Labor

This account shall include the cost of supervision and labor in the operation and maintenance of steam power generating stations.

Items

1. Attending stokers.
2. Blowing flues.
3. Cleaning boilers.
4. Firing and operating furnaces.
5. Handling coal and ashes.
6. Janitor work.
7. Operating water pumps.
8. Operating machinery, switchboard, etc.
9. Repairing steam power plant.
10. Supervision of steam power operation and maintenance.
11. Testing steam meters.

501 Fuel

This account shall include the cost delivered at stations of coal, oil, gas or other fuel used in the production of steam which is used in generating electricity. This includes the invoice cost of fuel plus freight, switching, hauling and all handling costs incurred in connection with the delivery of the fuel at the station or storage pile. It shall also include the net cost of, or amount realized from, the disposal of ashes.

502 Supplies and Expenses

This account shall include the cost of supplies used and expenses incurred in the operation of steam power generating stations. It shall also include the cost of supplies used in pumping water for steam.

Items

1. Boiler compounds.
2. Boiler inspection fees.
3. Fireroom tools.
4. Filter cleaning.
5. Log sheets and charts.
6. Lubricants for machinery.
7. Packing.

OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

8. Pumping supplies.
9. Rents.
10. Tools.
11. Water for steam.
12. Water purchased for boilers, condensers and cooling engines.
13. Washers.
14. Wipers.

503 Steam from Other Sources

This account shall include the cost of steam purchased or transferred from another department of the utility or from others under a joint facility operating arrangement for use in prime movers devoted to the production of electricity.

504 Steam Transferred--Cr.

This account shall include credits for expenses of producing steam which are charged to others or to other utility departments under a joint operating arrangement. Include also credits for steam expenses chargeable to other electric accounts outside of the steam generation group. Full details of the basis of determination of the cost of steam transferred shall be maintained.

506 Repairs of Steam Production Plant

This account shall include the amount of bills from others for repairs made to steam production plant. It does not include the cost of labor of the utility's own plant operating force.

Items

1. Contract work in plants and in rearranging or re-locating plant not retired.
2. Repair parts and materials used in maintenance of steam production plant.

B. Hydraulic Power Generation

520 Supervision and Labor

This account shall include the cost of supervision and labor in the operation and maintenance of hydraulic power generating stations.

Items

1. Attending generators.
2. Cleaning reservoirs and dams.
3. Janitor work.
4. Operating intakes.

OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

5. Operating machinery and switchboards.
6. Patrolling flumes.
7. Repairing hydraulic power plant.
8. Supervision of hydraulic production operations.

521 Water for Power

This account shall include the cost of water used for hydraulic power generation.

Items

1. Cost of water purchased from others, including water tolls paid reservoir companies.
2. Periodic payments for licenses or permits from any governmental agency for water rights, or payments based on the use of the water.
3. Periodic payments for riparian rights.
4. Periodic payments for headwater benefits or for detriments to others.

522 Supplies and Expenses

This account shall include the cost of supplies and expenses incurred in the operation of hydraulic generating stations.

Items

1. Log sheets and charts.
2. Lubricants for machinery.
3. Materials to protect dam and gates.
4. Packing.
5. Rents.
6. Tools (hand).
7. Washers.
8. Wipers.

524 Repairs of Hydraulic Production Plant

This account shall include the amount of bills from others for repairs made to hydraulic production plant. It does not include the cost of labor of the utility's own plant operating force.

Items

1. Contract work in repairing plant and in rearranging or relocating plant not retired.
2. Repair parts and materials used in maintenance of hydraulic production plant.

OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

C. Other Power Generation

530 Supervision and Labor

This account shall include the cost of supervision and labor incurred in the operation and maintenance of other power generating stations.

Items

1. Attending generators.
2. Fueling engines.
3. Janitor work.
4. Operating machinery and switchboards.
5. Protective service.
6. Supervision of internal combustion engine production.

531 Fuel

This account shall include the cost delivered at the station of all fuel, such as gas, oil, kerosene, and gasoline used in internal combustion engines or other prime movers. This includes the invoice cost of fuel plus freight, switching, hauling and all handling costs incurred in connection with the delivery of and the fuel at the station. It shall also include the net cost of, or amount realized from, disposal of residuals.

532 Supplies and Expenses

This account shall include the cost of supplies used and expenses incurred in the operation of internal combustion engine power generating stations.

Items

1. Log sheets and charts.
2. Lubricants.
3. Packing, washers, etc.
4. Rents.
5. Tools (hand).

534 Repairs of Other Power Production Plant

This account shall include the amount of bills from others for repairs made to other power production plant. It does not include the cost of labor of the utility's own plant operating force.

OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

Items

1. Contract work in repairing plant and in rearranging or relocating plant not retired.
2. Repair parts and materials used in maintenance of other power production plants.

D. Other Power Supply Expenses

540 Purchased Power

A. This account shall include the cost at the point of delivery to the utility of electricity purchased for resale, including net settlements for exchange of electricity or power.

B. The records shall be so kept as to show, by months, the demands and demand charges and kilowatt-hours and prices thereof under each purchase or interchange agreement.

549 Other Expenses

A. This account shall be charged with any production expenses, including expenses incurred directly in connection with the purchase of electricity, which are not specifically provided for in other production expense accounts. Charges to this account shall be supported so that a description of each type of charge will be readily available.

B. Recoveries from insurance companies, under use and occupancy provisions of policies, of amounts in reimbursements of excessive or added production costs for which the insurance company is liable under the terms of the policy shall be credited to this account.

2. Transmission and Distribution Expenses

550 Supervision and Labor

This account shall include the cost of supervision and labor in connection with the operation and maintenance of transmission and distribution plant. This includes the pay of employees engaged in the care and operation of transformers, conversion equipment, transmission and switching substations, transmission and distribution lines, structures, street lighting equipment and services on customers' premises.

OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

Items

1. Cutting and replacing pavement, pavement base and sidewalks, in connection with repairs.
2. Inspecting and testing lightning arresters.
3. Inspecting, testing, removing and resetting transformers or meters, but not including initial testing chargeable to utility plant.
4. Load dispatching.
5. Maintaining roads, trails and bridges.
6. Operating substations and switching stations.
7. Pulling up slack.
8. Patrolling, testing, etc.
9. Repairing customer installations and services.
10. Repainting towers and structures.
11. Repairing conductors and devices.
12. Repairing and maintaining transmission and distribution structures.
13. Repairing materials for reuse.
14. Rearranging and changing the location of property not retired.
15. Re-fusing transformer cut-outs.
16. Renewing oil, repainting and rewinding transformers.
17. Replacing minor items of plant.
18. Restoring the condition of property damaged by storm, flood, etc.
19. Straightening poles and crossarms.
20. Tightening guys and racking stubs.
21. Trimming trees, clearing brush, etc.
22. Testing for, locating and clearing trouble.
23. Tools and implements used.
24. Voltage surveys.

552 Supplies and Expenses

This account shall include the cost of supplies used and expenses incurred in the operation and maintenance of transmission and distribution plant.

Items

1. Distilled water for storage batteries.
2. Gloves.
3. Lamps and globes.
4. Lubricants.
5. Maps and records.
6. Material used in repair and maintenance, such as brushes for boosters and compensators, brackets, wire, paint, insulators, etc.
7. Rents of transmission and distribution facilities.
8. Tools.

OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

560 Transportation Expenses

A. This account shall include the cost of labor, materials used and expenses incurred in the operation and maintenance of general transportation equipment of the utility.

B. This account may be used as a clearing account in which event the charges hereto shall be cleared by apportionment to the appropriate operating expense, utility plant, or other accounts on a basis which will distribute the expenses equitably. Credits to this account shall be made in such detail as to permit ready analysis.

Items

1. Depreciation of transportation equipment.
2. Insurance on transportation equipment.
3. License fees for vehicles and drivers.
4. Rents for equipment and garages.
5. Repairs of transportation equipment.
6. Supplies, such as gas, oil, tires, tubes, grease, etc.

Note.--Transportation expenses applicable to construction shall not be included in operating expenses.

3. General Expenses

580 Administrative and General Salaries

This account shall include the cost of supervision and labor incurred in administrative, customer accounts, and sales activities.

Items

1. Accounting and clerical work on customers accounts and on general records.
2. Meter reading.
3. Solicitation of business.
4. Stenographic work.
5. Supervision and administration.

581 Office Supplies and Expenses

This account shall include office supplies and other expenses incurred in connection with customer accounts, sales and general administration of the utility's operations.

Items

1. Address plates and supplies
2. Automobile service, including charges through clearing account.
3. Bank messenger and service charges.

OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

4. Books, periodicals, bulletins and subscriptions to newspapers, newsletters, tax services, etc.
5. Building service expenses for customer accounts, sales, and administrative and general purposes.
6. Commissions or fees to others for collecting revenues.
7. Communication service expenses.
8. Cost of individual items of office equipment used by general departments which are of small value or short life.
9. Meals, traveling and incidental expenses.
10. Membership fees and dues in trade, technical and professional associations paid by utility for employees. (Utility memberships are includible in account 589.)
11. Meter books and binders.
12. Office supplies and expenses.
13. Payment of court costs, witness fees, and other expenses of legal department.
14. Postage, printing and stationery.
15. Rent of office equipment.
16. Repairs of office equipment.

582 Outside Services Employed

A. This account shall include the fees and expenses of professional consultants and others for general services which are not applicable to a particular operation function nor to other accounts. It shall include also the pay and expenses of persons engaged for a special or temporary administrative or general purpose in circumstances where the person so engaged is not considered an employee of the utility.

B. This account shall be so maintained as to permit ready summarization according to the nature of service and the person furnishing the same.

Items

1. Fees, pay and expenses of accountants and auditors, actuaries, appraisers, attorneys, engineering consultants, management consultants, negotiators, public relations counsel, tax consultants, etc.
2. Supervision fees and expenses paid under contracts for general management services.

584 Insurance Expense

A. This account shall include the cost of insurance or of reserve accruals (1) to protect the utility against losses and damages to owned or leased property used in its utility operations and (2) to protect the utility against injuries and damages claims of employees or others, losses of such character not covered by insurance, and expenses incurred in settlement of injuries and damages claims.

OPERATION AND MAINTENANCE EXPENSE ACCOUNTS.

B. Recoveries from insurance companies or others for property damages shall be credited to the account charged with the cost of the damage. If the damaged property has been retired, the credit shall be to the appropriate account for accumulated provision for depreciation.

C. Reimbursements from insurance companies or others for expenses charged hereto on account of injuries and damages and insurance dividends or refunds shall be credited to this account.

586 Employee Pensions and Benefits

A. This account shall include pensions paid to or on behalf of retired employees, or accruals to provide for pensions, or payments for the purchase of annuities for the purpose, when the utility has definitely, by contract, committed itself to a pension plan under which the pension funds are irrevocably devoted to pension purposes, and payment for employee accident, sickness, hospital, and death benefits, or insurance therefor. Include, also, expenses incurred in medical, educational or recreational activities for the benefit of employees.

B. The utility shall maintain a complete record of accruals or payments for pensions and be prepared to furnish full information to the Commission of the plan under which it has created or proposes to create a pension fund and a copy of the declaration of trust or resolution under which the pension plan is established.

C. There shall be credited to this account the portion of pensions and benefits expenses which is applicable to nonutility operations or which is charged to construction unless such amounts are distributed directly to the accounts involved and are not included herein in the first instance.

588 Regulatory Commission Expenses

A. This account shall include all expenses (except pay of regular employees only incidentally engaged in such work) properly includible in utility operating expenses, incurred by the utility in connection with formal cases before regulatory commissions, or other regulatory bodies, or cases in which such a body is a party, including payments made to a regulatory commission for fees assessed against the utility for pay and expenses of such commission, its officers, agents, and employees, and, also, including payments made to the United States for the administration of the Federal Power Act.

B. Amounts of regulatory commission expense which by approval or direction of the Commission are to be spread over future periods shall be charged to account 183, Other Deferred Debits, and amortized by charges to this account.

OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

589 Miscellaneous General Expenses

This account shall include the cost of expenses incurred in connection with the general management of the utility not provided for elsewhere.

Items

1. Industry association dues for utility memberships.
2. Contributions for conventions and meetings of the industry.
3. Experimental and general research work for the industry.
4. Communication service not chargeable to other accounts.
5. Trustee and registrar fees and expenses.
6. Publishing and distributing annual reports.
7. Advertising.
8. Public notices of financial, operating, and other data required by regulatory statutes.
9. Rents for property used in customer accounts, sales or administrative and general functions.

590 Uncollectible Accounts

This account shall be charged with losses from uncollectible accounts or with accruals to provide for anticipated losses from uncollectible utility revenues. Such accruals shall be credited to account 144, Accumulated Provision for Uncollectible Accounts. If the accrual method is used, losses from uncollectible accounts shall be charged to account 144.